CHARTERED ACCOUNTANTS,
TAX & BUSINESS ADVISERS

Lamont Pridmore

ASSISTING WITH ACQUISITION OF A COMPANY

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the acquisition of a company and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

1.1 For the company/group named ('the company'), you have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management, directors' and members' meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information. You recognise that a failure to do so could have an impact on the price or the speed of our work.

2 Our responsibilities

2.1 You have asked us to undertake the following activities in connection with the proposed acquisition of the company:

(a) provide a brief commentary on the nature of the business and its historical development, including a description of its management and organisational structure;

(b) ascertain and evaluate management's strategic plans for the future development of the business;

(c) assess the adequacy of the accounting systems (including internal controls) and review the quality and reliability of the financial information produced;

(d) consider whether the company's accounting policies:

(i) comply with generally accepted accounting principles and company law requirements;

(ii) have been consistently applied during the period under review and from one period to another; and

(iii) are appropriate to the company's business;

(e) review the company's results for the accounting periods specified, commenting on factors underlying the results which appear to be significant and identifying any points considered to be critical to the performance of the business in the context of the proposed acquisition;

(f) review the cash flow projections and profit forecasts of the period stated and comment on any significant factors arising and to review the accuracy of past forecasts by reference to subsequent events;

(g) conduct sensitivity analyses of the cash flow projections and profit forecasts to assess the effects of possible changes in the various underlying parameters and assumptions;

(h) assess any evident potential liabilities found during our investigations;

(i) advise on the accounting and tax implications of the purchase agreement and liaise with your legal advisors;

(j) assess the need for future investment or other potential costs to comply with current and pending regulatory requirements;

(k) comment on the tax position and implications of the transaction, including advice on future company and group structure and relevant corporation tax rates and payment dates;

(l) review past levels of insurance cover and assess likely future requirements;

(m) review the adequacy of the pension arrangements and likely future funding levels;

(n) analyse the employee profile; and

(o) Any other areas, if any.

The above work will be carried out in accordance with a timetable to be agreed that will allow completion of the acquisition on the date stated.

2.2 You understand that our work will not constitute an audit of the figures and we will not express any opinion thereon. Our report will not extend to any financial statements of the company taken as a whole.

2.3 Our report is prepared solely for the confidential use of yourselves and, if relevant, the third party named, and solely for the purpose as stated. It may not be relied upon by yourselves or, if relevant, the third party for any other purpose whatsoever. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission. We, your accountants, neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

2.4 If the vehicle for effecting the acquisition of the target company named does not exist as at the date of this letter, the terms contained in this letter are to be treated as applying to that vehicle when created.